

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

JORDAN HEALTH PRODUCTS I, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12271 (TMH)

(Jointly Administered)

Re: Docket No. 215

**ORDER APPROVING SETTLEMENT TERM SHEET AMONG DEBTORS,
CREDITORS' COMMITTEE, AND
AHS ACQUISITION HOLDINGS, LLC**

Upon consideration of the *Joint Motion of Debtors and Creditors' Committee to Approve Settlement Term Sheet Among Debtors, Creditors' Committee, and AHS Acquisition Holdings, LLC* (the "**Motion**"),² filed by the above-captioned debtors and debtors in possession (collectively, the "**Debtors**") and the Official Committee of Unsecured Creditors (the "**Committee**"); and this Court having reviewed the Motion and having considered the statements of counsel with respect to the Motion at the hearing; and this Court having found that (i) this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012, (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (iv) service and notice of the Motion was sufficient

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Jordan Health Products I, Inc. (9981); Global Medical Imaging, LLC (8828); D.R.E. Medical Group, Inc. (2356); Oncology Services International, Inc. (2514); Technical Options of Georgia, Inc. (5488); Jordan Health Products III, Inc. (9350); Transtate Equipment Company, Inc. (4201); Equipment Maintenance Solutions, Inc. (7216); Ultra Solutions Holdings, Inc. (2305); Ultra Solutions, LLC (3425); Pacific Medical Group, Inc. (4339); and Pacific Medical Holdings, Inc. (2135). The Debtors' service address is 8700 W Bryn Mawr Ave., Suite 720S, Chicago, IL 60631. Debtor Jordan Health Products I, Inc. is doing business as Avante Health Solutions.

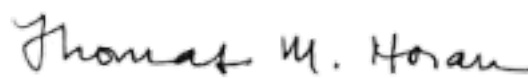
² All terms not otherwise defined herein shall be given the meanings ascribed to them in the Motion.

under the circumstances, and (v) good and sufficient cause having been shown; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED** as set forth herein.
2. The Settlement Term Sheet attached hereto as **Exhibit 1** is **APPROVED**; provided, however, for the avoidance of doubt, nothing contained in this Order shall be deemed as approval of any chapter 11 plan, or any trust, disclosure statement, or any release or exculpation under such chapter 11 plan or otherwise; provided further, however, that nothing in this Order shall modify or be construed to modify the Challenge Period set forth in Section 4.1 of the Interim DIP Order or Final DIP Order as such Challenge Period applies to any chapter 7 trustee in the event (a) the sale transaction between the Debtors and AHS Acquisition Holdings, LLC is not consummated, and (b) the above-captioned chapter 11 cases convert to cases under chapter 7 of the Bankruptcy Code prior to December 26, 2024.
3. The Settlement Parties are authorized and empowered to take any and all actions they deem necessary to implement the terms of the Settlement Term Sheet and this Order.
4. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon its entry.
5. This Court shall retain jurisdiction over any and all matters arising from the interpretation or implementation of this Order and the Settlement Term Sheet.

Dated: November 22nd, 2024
Wilmington, Delaware



THOMAS M. HORAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Settlement Term Sheet

Settlement Term Sheet

SETTLEMENT TERMS	
Settlement Parties	The Debtors, the Committee, and AHS Acquisition Holdings, LLC (in its capacities as the DIP Agent, DIP Lender, Prepetition Agent, Prepetition Lender and Purchaser under the Stalking Horse Agreement) (collectively, the “ <u>Settlement Parties</u> ”)
Effective Date	The effective date of this settlement shall be the date on which the Bankruptcy Court enters an order, in form and substance reasonably acceptable to all Settlement Parties, approving this settlement pursuant to Rule 9019 of the Bankruptcy Rules and other applicable provisions of the Bankruptcy Code. The Settlement Parties agree that they shall not take any action inconsistent with this settlement prior to the later of (a) the hearing on the motion to approve this settlement, and (b) a determination by the Bankruptcy Court to deny the request for approval of the settlement.
Allowance of Claims of Prepetition Agent and Prepetition Lender	The Prepetition Agent and Prepetition Lender shall have allowed claims against the Debtors in the amounts set forth in Paragraph E(i) of the Final DIP Order.
Right to Credit Bid; No Objection	The DIP Agent (on behalf of itself and the DIP Lenders) and the Prepetition Agent (on behalf of itself and the Prepetition Lenders) shall have the right to credit bid the outstanding amount of the DIP Obligations and the allowed amount of the Prepetition Obligations pursuant to Section 363(k) of the Bankruptcy Code. The Committee waives any right to object to or otherwise seek to limit the credit bid rights of the DIP Agent and Prepetition Agent.
Committee Carve Out	The Approved Budget shall be modified to increase the Carve Out for the payment of allowed fees and expenses of the Committee’s Professionals to \$300,000, which amount shall be funded into the Professional Fee Reserve in the accordance with the terms of the Final DIP Order (the “<u>Committee Professional Fee Carve Out Funds</u>”). In the event the allowed Professional Fees of the Debtors are less than the amounts allocated in the Approved Budget (and deposited to the Professional Fee Reserve) for payment of the fees and expenses of the Debtors’ Professionals, such excess shall be available to pay allowed fees and expenses of the Committee Professionals in excess of \$300,000.

Residual Funds in Professional Fee Reserve	To the extent the allowed fees and expenses of all Professionals are less than the aggregate amounts provided in the Approved Budget (and deposited to the Professional Fee Reserve), the Committee retains the exclusive right to allocate any such excess to the funding of a GUC Trust (as defined below).
Challenge Period; Waiver of Challenge Rights	The Challenge Period set forth in Section 4.1 of the Interim DIP Order and Final DIP Order shall be terminated. The Committee irrevocably waives and relinquishes any and all rights to raise or prosecute any Challenge (as such term is defined in Section 4.1 of the Interim DIP Order and Final DIP Order).
Administrative Expense Claims	The DIP Agent and the DIP Lender agree to extend the DIP Loans to the Debtors in accordance with the terms of the DIP Loan Note and the Final DIP Order to enable the Debtors to pay postpetition administrative expenses as and to the extent set forth in the Approved Budget. Purchaser shall pay all costs and expenses incurred by the Debtors in providing services under the “Transition Services Agreement” contemplated by the Stalking Horse Agreement in accordance with a budget to be agreed between the Debtors and the Purchaser.
Treatment of Allowed 503(b)(9) Claims	Purchaser shall amend the Stalking Horse Agreement to provide for Purchaser’s assumption of allowed Section 503(b)(9) claims. The Debtors and Committee shall not consent to the allowance of any Section 503(b)(9) claim without the consent of Purchaser. All allowed Section 503(b)(9) claims assumed by Purchaser shall be paid over an 18 month period after the closing of the transactions contemplated by the Stalking Horse Agreement (or on such other terms as may be agreed by the holder of such allowed Section 503(b)(9) claim and the Purchaser. For the avoidance of doubt, neither the Debtors nor the Committee shall have the obligation to review or object to any asserted Section 503(b)(9) claim, provided that the Debtors shall provide to Purchaser all information reasonably requested by Purchaser to allow Purchaser to review and, if appropriate, object to any asserted Section 503(b)(9) claim.
Joint Plan and Disclosure Statement	After closing of the Sale, the Debtors and the Committee shall work cooperatively and in good faith to determine if a combined chapter 11 plan of liquidation and disclosure statement (the “ <u>Plan</u> ”) consistent with this Settlement Term Sheet is feasible; <i>provided, however</i> , that the effectiveness of any Plan shall be conditioned on a resolution, acceptable to the Committee, being reached with applicable state taxing authorities in connection with the Debtors’ priority sales tax liabilities. The Committee agrees to use commercially reasonable efforts to include in any such resolution a release by such taxing authorities of Messrs. Arrowsmith, Campbell, Pully, Leidl, Tschanz, Stallkamp and Hubbard, <i>provided further</i> that the Debtors’ estates shall not be obligated to expend any funds or incur any liabilities in connection with procuring any such release.

	The Committee shall have consultation rights with the Debtors with respect to the pursuit of a plan process or conversion the cases to cases under Chapter 7 of the Bankruptcy Code so that the relevant causes of action and commercial tort claims are preserved. For the avoidance of doubt, to the extent the Debtors and the Committee agree that it is not feasible to pursue confirmation the Plan, the Debtors agree to take the necessary steps to obtain entry of an order converting the cases to cases under Chapter 7 of the Bankruptcy Code as soon as reasonably practical following the expiration of the Transition Services Period contemplated by the Stalking Horse Agreement and the Closing of the Sale.
Estate Assets	The Settlement Parties agree that the following assets (the “<u>Estate Assets</u>” shall be preserved for the Debtors’ estates to be pursued for the benefit of general unsecured creditors through either (i) the establishment of a dedicated trust (the “<u>GUC Trust</u>”) for general unsecured creditors if it is determined that confirmation the Plan is feasible, or (ii) conversion of the cases to cases under Chapter 7 of the Bankruptcy Code: • Only those Avoidance Actions and any proceeds from insurance policies insuring against such Avoidance Actions (including claims assertable against the Debtors’ sponsors, Dentons, the Debtors’ former officers and directors, and any other non-go forward third parties); <i>provided, however</i>, that Avoidance Actions with respect to (a) Messrs. Leidl, Stallkamp, Tschanz and Hubbard), (b) any employee of any Debtor that accepts an offer of employment from Purchaser or any affiliate of Purchaser in any capacity prior to the commencement of any proceeding with respect to any potential claim (provided however that neither the Debtors nor the Committee nor any other estate representative will commence any such proceeding prior to the Closing Date of the Sale and without confirming with Purchaser the status of such individual’s employment with Purchaser), and (c) go-forward third parties (including without limitation, customers, suppliers, banks, vendors, merchants, all holders of allowed Section 503(b)(9) claims, and any counterparties to any Assigned Contracts), in each case as determined by Purchaser in its sole discretion, shall be Acquired Assets and shall not be retained by the Debtors’ estates. Purchaser shall not enforce or prosecute any of the foregoing claims or causes of action with respect to such Acquired Assets (but may utilize any such claims as a defense, setoff or other means to reduce liability); • Only those causes of action and commercial tort claims and any proceeds from insurance policies insuring against such claims and causes of action (including claims assertable against the Debtors’ sponsors, Dentons, the Debtors’ former officers and directors, and any other non-go forward third parties, but specifically excluding any and all claims and judgments against Philips and its affiliates) to the extent not constituting Acquired Assets. For the avoidance of doubt the Acquired Assets shall include all commercial tort claims (under any theory of liability) against any of Messrs. Leidl, Tschanz, Stallkamp or Hubbard,) and any employee of any Debtor that accepts an offer of employment from Purchaser or any affiliate of Purchaser in any

	capacity prior to the commencement of any proceeding with respect to any potential claim (provided however that neither the Debtors nor the Committee nor any other estate representative will commence any such proceeding prior to the Closing Date of the Sale and without confirming with Purchaser the status of such individual's employment with Purchaser), but shall not include such claims against the Debtors' current directors; • Claims, causes of action, and rights relating to Tax credits and refunds or recovery of Taxes that relate to claims and causes of action preserved for the Debtors' estates as part of the resolution embodied herein and not constituting Acquired Assets; and • The unused portion of the Professional Fee Reserve.
Proceeds from Estate Assets	To the extent the GUC Trust is established, proceeds from the Estate Assets shall be distributed to holders of allowed general unsecured claims, net of (i) any GUC Trust expenses (including allowed professional fees) and (ii) distributions made to creditors senior in priority to general unsecured creditors in accordance with the priority waterfall under the Bankruptcy Code. To the extent the cases are converted to cases under Chapter 7 of the Bankruptcy Code, proceeds from the Estate Assets shall be distributed to holders of allowed general unsecured claims, net of (i) any expenses of the Chapter 7 Trustee (including allowed professional fees) and (ii) distributions made to creditors senior in priority to general unsecured creditors in accordance with the priority waterfall under the Bankruptcy Code.
Deficiency Claim	Prepetition Agent and Prepetition Lender agree to waive their deficiency claim for purposes of distributions of the Estate Assets, including any unpaid deficiency general unsecured claim.
Plan Releases	To the extent confirmation of the Plan is feasible, the Committee agrees to support usual and customary Plan releases and exculpation.
Committee Support/Non-Objection to Various Pleadings	The Committee agrees to not object to pleadings consistent with this Settlement Term Sheet, including (a) entry of the Final DIP Order, (b) the Debtors' request for approval of the Stalking Horse Agreement (subject to a customary "fiduciary out" with respect to higher or better offers), and (c) the Debtors' request to establish an early administrative claims bar date.